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CHAMBER ACTION

The Committee on Appropriations recommends the following:

Committee Substitute

Remove the entire bill and insert:

A bill to be entitled

An act relating to scholarships for dependent children of veterans and military personnel; creating s. 220.1875, F.S.; establishing a program for contributions to nonprofit scholarship-funding organizations to be used for dependent children of veterans and military personnel; providing for tax credits that may be granted each fiscal year for such contributions; providing requirements and limitations; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 220.1875, Florida Statutes, is created to read:

220.1875 Credits for contributions to nonprofit scholarship-funding organizations; scholarships for dependent children of United States Armed Forces veterans, active duty and reserve personnel in the United States military, or members of the Florida National Guard.--



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- 29 (1) PURPOSE.--The purpose of this section is to:
30 (a) Encourage private, voluntary contributions to
31 nonprofit scholarship-funding organizations.
32 (b) Expand educational opportunities for dependent
33 children of United States Armed Forces veterans, active duty and
34 reserve personnel in the United States military, or members of
35 the Florida National Guard.
36 (c) Enable children in this state to achieve a greater
37 level of excellence in their education.
38 (2) DEFINITIONS.--As used in this section, the term:
39 (a) "Department" means the Department of Revenue.
40 (b) "Eligible contribution" means a monetary contribution
41 from a taxpayer, subject to the restrictions provided in this
42 section, to an eligible nonprofit scholarship-funding
43 organization. The taxpayer making the contribution may not
44 designate a specific child as the beneficiary of the
45 contribution. The taxpayer may not contribute more than \$5
46 million to any single eligible nonprofit scholarship-funding
47 organization.
48 (c) "Eligible nonpublic school" means a nonpublic school
49 located in Florida that offers an education to students in any
50 grades K-12 and that meets the requirements in subsection (5).
51 (d) "Eligible nonprofit scholarship-funding organization"
52 means a charitable organization that is exempt from federal
53 income tax pursuant to s. 501(c)(3) of the Internal Revenue Code
54 and that complies with the provisions of subsection (4).
55 (e) "Qualified student" means a dependent child of a
56 United States Armed Forces veteran, a dependent child of active



57 duty or reserve personnel in the United States military, a
 58 dependent child of a member of the Florida National Guard, or
 59 any qualified student, pursuant to s. 220.187, as further
 60 provided in paragraph (4)(d).

61 (3) AUTHORIZATION TO GRANT SCHOLARSHIP FUNDING TAX
 62 CREDITS; LIMITATIONS ON INDIVIDUAL AND TOTAL CREDITS.--

63 (a) There is allowed a credit of 100 percent of an
 64 eligible contribution against any tax due for a taxable year
 65 under this chapter. However, such a credit may not exceed 75
 66 percent of the tax due under this chapter for the taxable year,
 67 after the application of any other allowable credits by the
 68 taxpayer. The credit granted by this section shall be reduced
 69 by the difference between the amount of federal corporate income
 70 tax taking into account the credit granted by this section and
 71 the amount of federal corporate income tax without application
 72 of the credit granted by this section.

73 (b) The total amount of tax credit which may be granted
 74 each state fiscal year under this section is \$10 million.

75 (c) A taxpayer who files a Florida consolidated return as
 76 a member of an affiliated group pursuant to s. 220.131(1) may be
 77 allowed the credit on a consolidated return basis; however, the
 78 total credit taken by the affiliated group is subject to the
 79 limitation established under paragraph (a).

80 (4) OBLIGATIONS OF ELIGIBLE NONPROFIT SCHOLARSHIP-FUNDING
 81 ORGANIZATIONS.--

82 (a) An eligible nonprofit scholarship-funding organization
 83 shall provide scholarships, from eligible contributions, to
 84 qualified students for:



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85 1. Tuition or textbook expenses for, or transportation to,
86 an eligible nonpublic school. At least 75 percent of the
87 scholarship funding must be used to pay tuition expenses; or

88 2. Transportation expenses to a Florida public school that
89 is located outside the district in which the student resides.

90 (b) An eligible nonprofit scholarship-funding organization
91 shall give priority to qualified students who received a
92 scholarship from an eligible nonprofit scholarship-funding
93 organization during the previous school year.

94 (c) The amount of a scholarship provided to any child for
95 any single school year by all eligible nonprofit scholarship-
96 funding organizations from eligible contributions shall not
97 exceed the following annual limits:

98 1. Three thousand five hundred dollars for a scholarship
99 awarded to a student enrolled in an eligible nonpublic school.

100 2. Five hundred dollars for a scholarship awarded to a
101 student enrolled in a Florida public school that is located
102 outside the district in which the student resides.

103 (d) An eligible nonprofit scholarship-funding organization
104 that receives an eligible contribution must spend 100 percent of
105 the eligible contribution to provide scholarships in the same
106 state fiscal year in which the contribution was received. An
107 eligible nonprofit scholarship-funding organization may use
108 eligible contributions to provide scholarships to qualified
109 students, pursuant to s. 220.187, after it has served qualified
110 dependent children of United States Armed Forces veterans,
111 dependent children of active duty or reserve personnel in the
112 United States military, and dependent children of members of the



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113 Florida National Guard. No portion of eligible contributions may
114 be used for administrative expenses. All interest accrued from
115 contributions must be used for scholarships.

116 (e) An eligible nonprofit scholarship-funding organization
117 that receives eligible contributions must provide to the Auditor
118 General an annual financial and compliance audit of its accounts
119 and records conducted by an independent certified public
120 accountant and in accordance with rules adopted by the Auditor
121 General.

122 (f) Payment of the scholarship by the eligible nonprofit
123 scholarship-funding organization shall be by individual warrant
124 or check made payable to the student's parent. If the parent
125 chooses for his or her child to attend an eligible nonpublic
126 school, the warrant or check must be mailed by the eligible
127 nonprofit scholarship-funding organization to the nonpublic
128 school of the parent's choice, and the parent shall
129 restrictively endorse the warrant or check to the nonpublic
130 school. An eligible nonprofit scholarship-funding organization
131 shall ensure that, upon receipt of a scholarship warrant or
132 check, the parent to whom the warrant or check is made
133 restrictively endorses the warrant or check to the nonpublic
134 school of the parent's choice for deposit into the account of
135 the nonpublic school.

136 (5) ELIGIBLE NONPUBLIC SCHOOL OBLIGATIONS.--An eligible
137 nonpublic school must:

138 (a) Demonstrate fiscal soundness by being in operation for
139 one school year or provide the Department of Education with a
140 statement by a certified public accountant confirming that the



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141 nonpublic school desiring to participate is insured and the
142 owner or owners have sufficient capital or credit to operate the
143 school for the upcoming year serving the number of students
144 anticipated with expected revenues from tuition and other
145 sources that may be reasonably expected. In lieu of such a
146 statement, a surety bond or letter of credit for the amount
147 equal to the scholarship funds for any quarter may be filed with
148 the department.

149 (b) Comply with the antidiscrimination provisions of 42
150 U.S.C. s. 2000d.

151 (c) Meet state and local health and safety laws and codes.

152 (d) Comply with all state laws relating to general
153 regulation of nonpublic schools.

154 (6) ADMINISTRATION; RULES.--

155 (a) If the credit granted pursuant to this section is not
156 fully used in any one year, the unused amount may not be carried
157 forward. A taxpayer may not convey, assign, or transfer the
158 credit authorized by this section to another entity unless all
159 of the assets of the taxpayer are conveyed, assigned, or
160 transferred in the same transaction.

161 (b) An application for a tax credit pursuant to this
162 section shall be submitted to the department on forms
163 established by rule of the department.

164 (c) The department and the Department of Education shall
165 develop a cooperative agreement to assist in the administration
166 of this section. The Department of Education shall be
167 responsible for annually submitting, by March 15, to the
168 department a list of eligible nonprofit scholarship-funding



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169 organizations that meet the requirements of paragraph (2)(d) and
170 for monitoring eligibility of nonprofit scholarship-funding
171 organizations that meet the requirements of paragraph (2)(d),
172 eligibility of nonpublic schools that meet the requirements of
173 paragraph (2)(c), and eligibility of expenditures under this
174 section as provided in subsection (4).

175 (d) The department shall adopt rules necessary to
176 administer this section, including rules establishing
177 application forms and procedures and governing the allocation of
178 tax credits under this section on a first-come, first-served
179 basis.

180 (e) The Department of Education shall adopt rules
181 necessary to determine eligibility of nonprofit scholarship-
182 funding organizations as defined in paragraph (2)(d) and
183 according to the provisions of subsection (4) and identify
184 qualified students as defined in paragraph (2)(e).

185 (7) DEPOSITS OF ELIGIBLE CONTRIBUTIONS.--All eligible
186 contributions received by an eligible nonprofit scholarship-
187 funding organization shall be deposited in a manner consistent
188 with s. 18.10(2).

189 Section 2. This act shall take effect upon becoming a law.
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